OIL CONSERVATION COMMISSION P. O. BOX 871

SANTA FE, NEW MEXICO

ILLEGIBLE

May 31, 1962

Standard Oil Company of Texas Drawer "S" Monahans, Texas

Attention: Mr. S. J. Mathews. Jr.

Administrative Order OLS-2

Gentlemen:

Reference is made to your letter of May 17, 1962, addressed to our Hobbs office, in which you request approval of off-lease storage for your Federal 16-3 No. 1 Well, located in the 3W/4 3W/4 of Section 3, Township 16 South, Range 31 East, North Square Lake Pool, Eddy County, New Mexico.

Under authority granted me by Rule 309 (c) of the Commission Rules and Regulations, Standard Oil Company of Texas is hereby authorized to transport oil produced from the North Square Lake Pool underlying its Federal Lease No. 081381-A, comprising the 3/2 SW/4 of Section 3, Township 16 South, Range 31 East, Eddy County, to a separate tank battery for said lease located on Federal Lease No. 2026418, said battery to be located in the NW/4 NM/4 of Section 10, Township 16 South, Range 31 East.

There shall be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.

Very truly yours.

A. L. PORTER, Jr., Secretary-Director

ALP/DSM/og cc: U. S. G. S. - Roswell N. M. Oil Conservation Commission - Artesia

OIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE. NEW MEXICO

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Very truly yours.

A. L. PORTER, Jr. .

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Standard) Gill Company of Texas

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Drawer "S" Monahans, Texas¹⁹⁹² MAY 22 AM 9 48 May 17, 1962

OIL STORAGE FACILITIES FEDERAL 16-3 NO. 1 NORTH SQUARE LAKE (GRAYBURG-SAN ANDRES) FIELD

New Mexico Oil Conservation Commission District I P. O. Box 2045 Hobbs, New Mexico

Gentlemen:

Standard Oil Company of Texas, A Division of California Oil Company, desires to apply for approval of off-lease storage under New Mexico Oil Conservation Commission Rule Number 2174, for the oil produced from the Federal 16-3 No. 1 well, located on Federal Lease Number O81381-A. The subject well is located 330 feet from the South and West line of Section 3, Township 16 South, Range 31 East, North Square Lake (Grayburg-San Andres) Field, Eddy County, New Mexico.

The proposed storage facilities for the above well will be on Federal Lease Number 026418 in the immediate vicinity of the battery serving that lease. The battery on the Federal Lease Number 026418 is located 330 feet from North line and 928 feet from West line of Section 10 Lease. All production on both leases is from the same common source, the Premier of the Grayburg formation. The production facilities and storage for the two leases will be separated such that commingling will not occur, and there will be no intercommunication of the handling, separating, treating or storage facilities designated to each lease.

The above plan is desirable for economic reasons. The Federal 16-3 No. 1 is the only well on Federal Lease Number 081381-A and produces approximately eight barrels of oil per day. The pipeline servicing the area cannot afford to extend its gathering line for this volume of oil. The only alternative would be to truck the oil out at a cost of \$0.22 per barrel.

Please find attached waivers signed by the other three owners that we are in partnership with on both subject leases. Also attached is a letter of consent to the proposed off-lease storage from the Regional Supervisor of the U.S.G.S. and a plat of the lease showing thereon the wells on the leases, the formations in which they are completed and the proposed location of the tank battery. New Mexico Oil Conservation Commission Page 2 May 17, 1962

Your consideration of this proposal will be appreicated and will facilitate operations in the area.

truly yours ۰6, J District Superintendent

GBV: jd

Attachment

cc: Mr. John Trigg P. O. Box 520 Roswell, New Mexico

> Mr. Joseph I. O'Neill, Jr. 140 West Ohio Street Midland, Texas

Pan American Petroleum Corporation P. O. Box 68 Hobbs, New Mexico Attn: Mr. V. E. Staley nioni, po lignera political en en 1975 : 1975 : 1975

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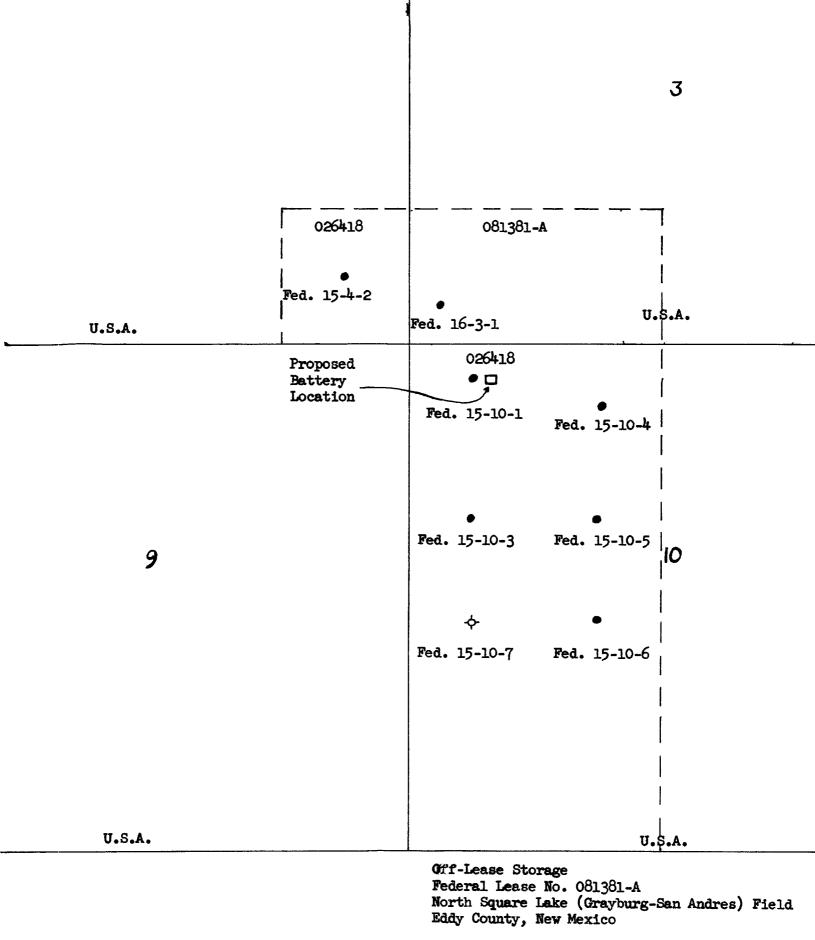
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All wells on above Leases produce from the same formation, the Grayburg.

